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FISCAL IMPACT STATEMENT

LS 6560

BILL NUMBER: HB 1235

NOTE PREPARED: Jan 27, 2014

BILL AMENDED: Jan 23, 2014

SUBJECT: Savings Promotion Raffles.

FIRST AUTHOR: Rep. Riecken

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill defines an "eligible depository financial institution" as a credit union that is organized or reorganized under Indiana law. It allows an eligible depository financial institution to offer and conduct a savings promotion raffle that: (1) is associated with one or more qualified accounts or qualified financial programs offered by the eligible depository financial institution; and (2) offers eligible individuals one or more chances to win specified prizes.

The bill specifies certain conditions that a savings promotion raffle must meet. It provides that a savings promotion raffle must allow an eligible individual to obtain an entry to win a prize only by doing either or both of the following: (1) depositing a minimum specified amount in a qualified account. (2) participating in one or more qualified financial programs. It provides that a savings promotion raffle must be approved by: (1) the Director of the Department of Financial Institutions (DFI); and (2) the eligible depository financial institution's board of directors; before it is offered or promoted to eligible individuals.

The bill permits the DFI to: (1) adopt rules, policies, or guidance; and (2) exercise certain enforcement powers; with respect to the conduct of savings promotion raffles by eligible depository financial institutions.

The bill specifies that Indiana Code provisions concerning charity gaming, promotional gifts and contests, and criminal gambling do not apply to a savings promotion raffle that is offered or conducted by: (1) an eligible financial institution under the new provisions; or (2) a federal credit union if the savings promotion raffle is conducted by the federal credit union in the same manner as a saving promotion raffle under the new provisions.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) The bill allows credit unions organized or reorganized under Indiana law to conduct savings promotion raffles. The bill will also result in Indiana credit unions currently offering similar products to follow the guidelines provided in the bill. Federal regulations currently prohibit financial institutions other than credit unions from participating in lotteries without specifically excluding savings promotion raffles or similar prize linked savings products from the definition of lottery.

It is unknown how many such raffles will be conducted by eligible depository financial institutions. The bill provides that the DFI may: (1) make available the approval form for savings promotion raffles to eligible depository financial institutions; (2) adopt rules and policies; (3) examine the conduct of savings promotion raffles; and (4) issue cease and desist orders or exercise other enforcement powers for a violation of the requirements under the bill.

The bill provides that savings promotion raffles must be approved by the DFI. The requirements related to savings promotion raffles will lead to additional administrative cost for the DFI. The bill does not make any additional appropriations to cover the cost. The DFI is funded through money deposited into the Financial Institutions Fund, which is a dedicated fund that receives fees and penalties. The money in the fund is appropriated to the DFI. The FY 2015 appropriation to the DFI is \$7.44 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Financial Institutions.

Local Agencies Affected:

Information Sources: Forum Credit Union, SaveItUp Program,
http://www.forumcu.com/Media/Files/pdfs/SaveItUp_2014.pdf

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